

**§ 17.156 Stay of offset.**

If the debtor timely notifies the Secretary that he or she is exercising a right described in § 17.152(a) and timely submits evidence in accordance with § 17.152(b), any notice to the IRS will be stayed until the issuance of a written decision by the Administrative Judge which determines that a debt or part of a debt is past-due and legally enforceable.

**§ 17.157 Application of offset funds: Single debt.**

If the debtor does not timely notify the Secretary that he or she is exercising a right described in § 17.152, the Secretary will notify the IRS of the debt no earlier than 65 calendar days from the date of the Department's Notice of Intent, and will request that the amount of the debt be offset against any amount payable by the IRS as refund of Federal taxes paid. Normally, recovered funds will be applied first to costs of collection, then to any special charges provided for in HUD regulations or contracts, then to interest and finally, to the principal owed by the debtor.

**§ 17.158 Application of offset funds: Multiple debts.**

The Secretary will use the procedures set out in § 17.157 for the offset of multiple debts. However, when collecting on multiple debts the Secretary will apply the recovered amounts against the debts in the order in which the debts accrued.

**§ 17.159 Application of offset funds: Tax refund insufficient to cover amount of debt.**

If a tax refund is insufficient to satisfy a debt in a given tax year, the Secretary will recertify to the IRS the following year to collect further on the debt. If, in the following year, the debt has become legally unenforceable because of the lapse of the statute of limitations, the debt will be reported to the IRS as a forgiven debt in accordance with § 17.150(d).

**§ 17.160 Time limitation for notifying the IRS to request offset of tax refunds due.**

(a) The Secretary may not initiate offset of tax refunds due to collect a debt for which authority to collect arises under 31 U.S.C. 3716 more than 10 years after the Secretary's right to collect the debt first accrued, unless facts material to the Secretary's right to collect the debt were not known and could not reasonably have been known by the officials of the Department who were responsible for discovering and collecting such debts.

(b) When the debt first accrued is determined according to existing law regarding the accrual of debts. (See, for example, 28 U.S.C. 2415.)

**§ 17.161 Correspondence with the Department.**

(a) All correspondence from the debtor to the Board concerning the right to review as described in § 17.152 shall be addressed to the HUD Board of Contract Appeals, Room 2131, 451 Seventh Street SW., Washington, DC 20410-0500.

(b) The request for review of Departmental records should be addressed to the Title I Representative whose address appears in the Notice of Intent of Offset. All requests for review of departmental records must be marked: Attention: Records Inspection Request.

(c) All other correspondence shall be addressed to the Department Claims Officer, Office of Finance and Accounting, Department of Housing and Urban Development, room 2202, Washington, DC 20410.

[51 FR 39750, Oct. 31, 1986, as amended at 59 FR 59647, Nov. 18, 1994]

**PART 18—INDEMNIFICATION OF HUD EMPLOYEES**

AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 3535(d).

SOURCE: 62 FR 6096, Feb. 10, 1997, unless otherwise noted.

**§ 18.1 Policy.**

(a) The Department of Housing and Urban Development may indemnify, in